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इस भाग में भिन्न पृष्ठ संख्या दी जाती है जिससे कि यह अलग संकलन के रूप में रखा जा सके।

Separate paging is given to this Part in order that it may be filed as a separate compilation.

MINISTRY OF FINANCE

(Department of Economic Affairs)

NOTIFICATION

New Delhi, the 23rd March 1967

S.O. 1008.—Whereas by the notification of the Government of India in the Ministry of Finance, Department of Economic Affairs, No. F 6(46)-Corp./66, dated the 13th February, 1967, issued under Section 69 of the Punjab Reorganisation Act, 1966 (31 of 1966), the Central Government had directed the Board of Directors of the Punjab Financial Corporation, Chandigarh, to convene a meeting for the consideration of a Scheme for the reconstitution and reorganisation of the said Financial Corporation, including proposals regarding the formation of new corporations and the transfer thereto of all the assets, rights and liabilities of the said Financial Corporation;

And whereas in pursuance of such direction, the aforesaid Board of Directors at its meeting held on the 15th March, 1967, considered a Scheme for the said purposes;

And whereas the said Scheme has been approved at a general meeting of the shareholders of the said Financial Corporation held on the 17th March, 1967, by a resolution passed thereat unanimously;

And whereas the Scheme as so approved and set out in the annexure below has been submitted to the Central Government for its sanction.

Now, therefore, in exercise of the powers conferred by sub-section (4) of the said section 69, the Central Government hereby sanctions and certifies the Scheme set out in the Annexure below.

ANNEXURE

SCHEME FOR THE REORGANISATION OF THE PUNJAB FINANCIAL CORPORATION UNDER THE PUNJAB REORGANISATION ACT, 1966—SECTION 69 OF THE ACT.

Preamble

Whereas the Government of Punjab and the Government of Haryana have requested the Central Government to reconstitute and reorganise the Punjab Financial Corporation in such a way as to constitute separate State Financial Corporations for the State of Punjab and the State of Haryana, it has become necessary in terms of Section 69 of the Punjab Reorganisation Act, 1966. to frame a scheme for the reconstitution and reorganisation of the Punjab Financial Corporation so as to establish a separate State Financial Corporation for the State of Haryana and reconstitute the Punjab Financial Corporation.

Consequent on the decision of the two State Governments to have independent State Financial Corporations of their own, the Central Government has decided to constitute two separate Financial Corporations known as the Himachal Pradesh Financial Corporation for the Union Territory of Himachal Pradesh and the Delhi Financial Corporation for the Union Territories of Delhi and Chandigarh.

Now therefore, the following scheme is prepared for the reorganisation and reconstitution of the Punjab Financial Corporation so that such of the assets, rights and liabilities of the Corporation in so far as they are relatable to the Haryana State and the three Union Territories are transferred to the new Haryana, Himachal Pradesh and the Delhi Financial Corporations and after such transfer the Punjab Financial Corporation shall be reconstituted to serve the needs of the State of Punjab

Scheme

I. **Definitions.**—(i) 'Jurisdiction' shall mean the jurisdiction of the residuary Punjab Financial Corporation the Haryana Financial Corporation, the Himachal Pradesh Financial Corporation and the Delhi Financial Corporation as defined below:

Serial No.	Name of the Corporation	Area of jurisdiction
1	Punjab Financial Corporation .	Territories comprised in the State of Punjab.
2.	Haryana Financial Corporation .	Territories comprised in the State of Haryana.
3.	Himachal Pradesh Financial Corporation.	Territories comprised in the Union Territory of Himachal Pradesh.
4.	Delhi Financial Corporation .	Territories comprised in the Union Territories of Delhi and Chandigarh.

(ii) The 'Population Ratio' shall mean the ratio of population as per the census of 1961, of the territories of the State of Punjab, the State of Haryana, Union Territory of Himachal Pradesh and the aggregate population of the Union Territories of Delhi, and Chandigarh, namely, 45·80%, 31·22%, 11·56% & 11·42% respectively.

(iii) The 'Investment Ratio' shall mean the ratio between the aggregate of the loans outstanding on the 31st March, 1967 from the industrial concerns which had been granted loans by the Punjab Financial Corporation and allocated on the basis of the physical location of the fixed assets of the concerns lying within the different jurisdictions of the respective Financial Corporations, viz., the reconstituted Punjab Financial Corporation the new Haryana, Himachal Pradesh and the Delhi Financial Corporations.

(iv) The various terms and headings of accounts mentioned in the Scheme shall have the meanings assigned to them in the Audited Balance Sheet of the Punjab Financial Corporation as on 31st March, 1967.

II. The assets, rights and liabilities of the Punjab Financial Corporation as at the close of the business on 31st March, 1967, shall be divided between the four Corporations.

III. (i) The paid-up capital of the existing Corporation is Rs. 100 lakhs, subscribed in shares of the face value of Rs. 100 each as follows:—

		Number of share-holders in the class	Number of shares held
1.	Punjab Government	1	12,151
2.	Haryana Government	1	12,151
3.	Delhi Administration	1	12,251
4.	Chandigarh Administration	1	201
5.	Himachal Pradesh Government	1	4,901
6.	Reserve Bank of India	1	20,000
7.	Scheduled Banks	4	19,250
8.	Co-operative Banks	21	5,000
9.	Insurance Companies, Investment Trusts and other Financial institutions (excluding scheduled Banks and Co-operative Banks)	6	10,750
10.	Parties referred to in clause (*d*) of sub-section (3) of Section 4 of the Act.	152	3,345
		189	1,00,000

(ii) In dividing the paid-up capital, the shares of the Governments and Administrations referred to at items 1 to 5 in sub para. (i) above shall be pooled together and form a single mass

(iii) (a) The paid-up capital including the shares of the Governments and Administrations referred to in sub-para. (i) above shall be divided in the 'Population Ratio'.

(b) The allocation of particular shares to each Corporation shall be made by the Managing Director of the existing Punjab Financial Corporation in his absolute discretion, in multiple of five. The shares held by co-operative banks, however, shall be divided on the basis of location, necessary adjustments being made in the shares of scheduled banks.

(iv) The shares so allocated shall be deemed to be the shares of the respective Corporation and shall stand guaranteed as to the payment of dividend and the repayment of principal by the Governments of Punjab and Haryana and the Administrators of the Union Territories of Himachal Pradesh, Delhi and Chandigarh, as the case may be.

(v) The Authorised Capital of the reconstituted Punjab Financial Corporation and the new Haryana Financial Corporation, the Himachal Pradesh Financial Corporation and the Delhi Financial Corporation shall be fixed as follows:—

Punjab Financial Corporation	Rs. 100 lakhs.
Haryana Financial Corporation	Rs. 100 laks.
Himachal Pradesh Financial Corporation	Rs. 50 lakhs.
Delhi Financial Corporation	Rs. 50 lakhs.

IV. **Reserves.**—Each of the sums comprised in the Reserves namely:—

(i) Reserve Fund (Under Section 35 of the State Financial Corporations Act, 1951):

(a) The General Reserve, subject to the adjustment mentioned hereinafter in sub-para. (viii) of Para. XV

(b) The Special Reserve for purposes of Section 36(1)(viii) of Income Tax Act, 1961,

(c) The Reserve Fund for Bad and Doubtful debts,

(d) The Gratuity Reserve,

(e) The Investment Reserve.

(ii) Special Reserve Fund (Under Section 35-A of the State Financial Corporations Act) shall be divided in the population ratio.

V. **Borrowings**.—(i) The borrowings from the Reserve Bank of India against Government securities [under Section 7(2)(a) of the State Financial Corporation Act] shall be divided in the population ratio.

(ii) The borrowings from the Reserve Bank of India against Bonds of the Corporation redeemable after the 31st March, 1967 shall be divided in the population ratio.

(iii) The borrowings under Section 7(4) of the State Financial Corporations Act, 1951 (63 of 1951) from the Industrial Development Bank of India shall be apportioned amongst the four Corporation on the basis of the borrowings availed of against the particular loans transferred to the respective Corporations.

VI. **Subvention**.—The subvention to be repaid under Section 35 of the State Financial Corporations Act, 1951 (63 of 1951) by the Punjab Financial Corporation on account of the dividend liability aggregating to Rs. 3.50 lakhs shall be retained by the residuary Punjab Financial Corporation out of the profits for the year ending 31st March, 1967 for repayment to the Punjab Government.

VII. **Other liabilities**.—(i) The "**State Government Funds under Agency Agreement**" shall be allocated to the respective Financial Corporations on the basis of the 'Investment Ratio' of such loans.

(ii) The "Sundry Deposits" and "Borrowers' Imprest" shall be allocated to the respective Corporations to which the loan advanced or sought for relating to the Sundry Deposits or Borrowers' Imprest has been allocated.

(iii) The '**Staff Provident Fund**' shall be allocated among the respective Corporations in accordance with the members of the staff absorbed by each, except for the Managing Director, who is under contract and for whom a separate provision is being made.

(iv) (a) The 'Divident Payable' for the year ending 31st March, 1967, shall be appropriated from the Profit and Loss Account and shall be allocated on cash basis out of the cash balances to the Punjab Financial Corporation, who shall be responsible to make the disbursements to shareholders as they stand in the register of the shareholders of the Corporation at the close of business on the 31st March, 1967.

(b) Out of the dividend payable to the Punjab and Haryana State Governments and the Administrators of the Union Territories of Delhi, Himachal Pradesh and Chandigarh and the Reserve Bank of India an aggregate amount of Rs. 1,20,000·00 shall be deducted as follows and added to the Special Reserve Fund under Section 35A of the State Financial Corporations Act, 1951 (63 of 1951) before the division of Reserves to the respective Corporations.

(i) State Governments of Punjab and Haryana and Union Territories of Delhi, Himachal Pradesh and Chandiggarh in proportion to the shares held by each on the 31st March, 1967	Rs.	60,000·00
(ii) Reserve Bank of India	Rs.	60,000·00
TOTAL	Rs.	1,20,000·00

(v) The 'Unclaimed Dividend' shall be allocated to the Punjab Financial Corporation on cash basis out of cash balances.

(vi) The '**Interest due on Agency Loans but not yet realised**' shall be allocated on the basis of the Investment Ratio of such loans.

(vii) The '**Interest on Bonds accrued but not due**' shall be the liability of the residuary Punjab Financial Corporation and the residuary Punjab Financial Corporation shall retain to itself an equivalent amount out of the cash balances.

(viii) The 'outstanding liabilities' shall be discharged by the residuary Punjab Financial Corporation, and the residuary Punjab Financial Corporation shall retain to itself an equivalent amount out of the cash balances.

VIII. **Provision for taxation**.—The '**Provision for taxation**' shall be allocated in cash out of the cash balances to the residuary Punjab Financial Corporation after

deducting the advance tax paid and tax deducted at source and it shall be the responsibility of the residuary Punjab Financial Corporation to pay all the income tax due from the Corporation. If any additional liability in respect of the period ending 31st March, 1967, arises in future, it shall claim from the Haryana, Himachal Pradesh and Delhi Financial Corporations proportionate amounts of tax liability on the 'Population Ratio'. If any refund of income tax is received by the Punjab Financial Corporation, it shall pay the refund in the same proportion to the Haryana Himachal Pradesh and Delhi Financial Corporations respectively.

IX. **Profit and Loss Account.**—(a) In making provisions under the *Profit and Loss Account* for the year ending 31st March, 1967, the Punjab Financial Corporation shall make the following appropriations in the first instance:—

(i) Provision for taxation.

(ii) Provision for paying guaranteed dividend

(iii) Provision for the repaying the outstanding subvention to the State Government.

(b) The balance, if any, shall be transferred to the various Reserve Funds as agreed to by the Board of Directors.

(c) (i) **Provision for taxation** shall be dealt with in accordance with Para VIII above.

(ii) **Guaranteed Dividend** shall be dealt with in accordance with Para. VII (iv) above.

(iii) **Subvention**—the amount of Rs 3·50 lakhs shall be dealt with as in Para VI above.

(d) **Reserve** shall be divided between the respective Corporations on the basis of the 'Population Ratio'.

X. **Bonds and Debentures.**—The "Bonds and Debentures" shall be allocated to the respective Corporations by reference to the distinctive numbers and other particulars in each series by the Central Government after taking into consideration, as far as possible, an equitable distribution amongst the respective Corporations, on the basis of maturity of bonds. Upon such allocation, the Bonds so specified shall be deemed to be the Bonds issued by the respective Corporations to whom the Bonds have been so allocated. The Bonds guaranteed by the former Government of Punjab shall be allocated between the Punjab and Haryana Financial Corporations only The Bonds guaranteed by the former Government of Punjab and Delhi and/or *Himachal Pradesh Administrations* shall be allocated between the Punjab, the Haryana, the Himachal Pradesh and the Delhi Financial Corporations These Bonds shall further stand guaranteed as to the payment of interest and repayment of principal by the Governments of Punjab and Haryana and the *Administrators of the Union Territories of Himachal Pradesh, Delhi and Chandigarh*, as the case may be. In specifying the distinctive numbers of the Bonds, the Central Government shall have due regard to the jurisdictions of the Punjab, Haryana, Himachal Pradesh and Delhi Corporations in which the fixed assets of the industrial concerns to which loans and advances had been granted by the Punjab Financial Corporation lie, so that the Corporation, which receives the assets in the shape of Cash & Bank balances, Investments and Loans and Advances, is allocated a proportionate amount of the aggregate of the liabilities, under the different heads 'Capital Reserves', 'Bonds & Debentures' and 'Borrowings from the Industrial Development Bank of India'.

XI. **Cash and Bank Balances and Investments.**—The 'Cash and Bank Balances and Investments' shall be subject to the adjustments mentioned in the various paras. After making these adjustments the net cash and bank balances and investments shall be divided on the basis of the 'Population Ratio'.

XII. **Loans & Advances.**—The 'Loans & Advances' representing the Corporation's funds and the Agency funds shall be divided on the basis of the 'Investment Ratio'.

XIII. **Premises, Land & Buildings.**—(a) The premises, land and buildings shall be allocated to the Delhi Financial Corporation. The Delhi Financial Corporation shall provide accommodation to the reconstituted Punjab Financial Corporation and the Haryana Financial Corporation in the buildings on payment of rent.

(b) The Delhi Financial Corporation shall pay in cash to the residuary Punjab Financial Corporation, the Haryana Financial Corporation and the Himachal

Pradesh Financial Corporation their share of the book value in the property determined on the basis of the 'Population Ratio'.

XIV. **Motor Cars, Cycles, Furniture, etc.**—The moveable assets like 'motor cars, cycles, furniture and fixtures, etc. located in the Delhi sub-office of the Corporation shall be allocated to the Delhi Financial Corporation and those located at Chandigarh shall be divided as far as may be possible equally between the Punjab and Haryana Financial Corporations.

XV. **Other Assets.**—(i) **Stationery & Stores.**—The 'Stationery and Stores' shown under 'Other Assets' located at Delhi shall be allocated to the Delhi Financial Corporation and those located at Chandigarh shall be divided as far as may be possible equally between the Punjab and Haryana Financial Corporations.

(ii) **Festival advance to staff and advances to staff for purchase of conveyances.**—The 'Festival Advances to staff' and 'Advances to staff for purchase of conveyances' shall be allocated in accordance with the division of the staff amongst the various Corporations.

(iii) **Stamps.**—The 'stamps' shall be allocated to the residuary Punjab Financial Corporation.

(iv) **Security deposits.**—The 'security Deposits' shall be allocated to the residuary Punjab Financial Corporation.

(v) **Accrued interest on**—(a) Government securities, (b) Deposits with Scheduled Banks, (c) Loans and Advances, & (d) Advances to staff.

The Accrued interest on 'Government securities', on 'Deposits with Scheduled Banks', on 'Loans and Advances', and on 'Advances to Staff', shall be allocated on the basis of the division of these respective items to the respective Corporations.

(vi) **Pre-paid expenses and Trunk call charges recoverable.**—Pre-paid expenses and Trunk Call charges recoverable shall be allocated to the residuary Punjab Financial Corporation.

(vii) **Advances for telephone connections.**—Advances for telephone connections shall be allocated to the Delhi Financial Corporation.

(viii) **Discount on Issue of Bonds.**—The 'Discount on Issue of Bonds' shall be debited to the General Reserve Account before the Reserve Fund under Section 35 of the State Financial Corporations Act, 1951 (Act 63 of 1951) is determined for allocation under para IV above.

XVI. (a) The members of the staff other than the Managing Directors shall be allocated to the respective Corporations after taking into consideration the options of the employees as far as may be possible.

(b) On transfer of the staff to the respective Corporations the services rendered by them to the Punjab Financial Corporation upto 31st March, 1967 shall count for leave, gratuity, provident fund and all other benefits which are at present being enjoyed by the staff.

XVII. The General Regulations, Staff Regulations, Expenditure Regulations, Provident Fund Regulations, Gratuity Regulations, Issue of Bonds Regulations and Fixed Deposit Rules of the Punjab Financial Corporation shall, *mutatis mutandis*, continue to be the respective Regulations/Rules of the four Financial Corporations

XVIII. With effect from the 1st of April, 1967, the Board of Directors of the four Financial Corporations shall be as follows:—

(a) **Punjab Financial Corporation.**

(i) Three Directors nominated by the State Government, one of whom shall be nominated as Chairman.

(ii) The Managing Director appointed by the State Government.

(iii) The remaining Directors, excepting the Directors nominated by the State Government of Haryana and the Delhi, Himachal Pradesh and Chandigarh Administrations, whether nominated or elected of the existing Punjab Financial Corporation shall be the Directors of the residuary Punjab Financial Corporation for the unexpired period of their term of office

(b) Haryana Financial Corporation

(i) Three Directors nominated by the State Government of Haryana, one of whom shall be nominated as the Chairman.

(ii) The Managing Director appointed by the Haryana State Government.

(iii) The remaining Directors, excepting the Directors nominated by the Government of Punjab and the Delhi. Himachal Pradesh and Chandigarh Administrations, whether nominated or elected of the existing Punjab Financial Corporation shall be the Directors of the Haryana Financial Corporation for the unexpired period of their term of office.

(c) **Himachal Pradesh Financial Corporation.**

(i) Three Directors nominated by the Administrator of the Union Territory of Himachal Pradesh, one of whom shall be nominated as the Chairman.

(ii) The Managing Director appointed by the Himachal Pradesh Administration.

(iii) The remaining Directors excepting the Directors nominated by the Governments of Punjab and Haryana and Administrations of Delhi and Chandigarh, whether nominated or elected of the existing Punjab Financial Corporation, shall be the directors of the Himachal Pradesh Financial Corporation for the unexpired period of their term of office.

(d) Delhi Financial Corporation.

(i) Two Directors nominated by the Administrator of the Union Territory of Delhi and one Director nominated by the Administrator of the Union Territory of Chandigarh, one of whom shall be nominated as the Chairman in consultation with the Administrator of Chandigarh.

(ii) The Managing Director appointed by the Delhi Administration in consultation with the Administrator of Chandigarh.

(iii) The remaining Directors, excepting the Directors nominated by the Governments of Punjab and Haryana and the Himachal Pradesh Administration whether nominated or elected of the existing Punjab Financial Corporation shall be the Directors of the Delhi Financial Corporation, for the unexpired period of their term of office.

XIX. The Balance Sheet and Profit & Loss Account audited by the auditors of the Corporation as on the 31st March, 1967, shall be ratified by the Board of Directors as existing on that date, of the Punjab Financial Corporation, in special meeting to be held for this purpose within the first fortnight of April, 1967 and shall be deemed to be the Balance Sheet and Profit & Loss account for the purpose of the transfer of the assets, rights and liabilities of the existing Punjab Financial Corporation to the reconstituted Punjab Financial Corporation and the Haryana, Himachal Pradesh and the Delhi Financial Corporations

The expenditure in connection with this special meeting of the Board of Directors will be borne by the reconstituted Punjab Financial Corporation.

XX. Notwithstanding anything contained in Section 36 of the State Financial Corporations Act, 1951 (Act 63 of 1951), the Balance Sheet of the existing Punjab Financial Corporation ratified by the Board of Directors under para XIX above shall be deemed to be the Balance Sheet & Profit & Loss Account of the Punjab Financial Corporation for the year ending the 31st of March, 1967 although the same has not been considered and passed by the shareholders at an Annual General meeting of the shareholders.

XXI. With effect from the date on which the present Board of Directors of the Punjab Financial Corporation ratify the audited Balance Sheet and Profit & Loss Account as on the 31st March, 1967, the Board of Directors shall stand dissolved.

XXII (a) The term of office of the Managing Director of the Punjab Financial Corporation, which expires on the 8th of April, 1967 (afternoon) shall stand extended till such time as the Board of Directors have ratified the Balance Sheet and Profit & Loss Account of the Punjab Financial Corporation. During the extended period of his office he shall be governed by the same terms and conditions of his appointment as at present

(b) In lieu of the terminal leave due to him, he shall be granted compensation equivalent to the leave salary payable in respect of such terminal leave.

(c) The Provident Fund balance due to him on the date of the expiry of the extended period of service shall be paid to him by the reconstituted Punjab Financial Corporation on the date of his relinquishing charge of the post.

(d) All amounts payable to the Managing Director shall be retained by the Punjab Financial Corporation out of the Provident Fund and Cash Balance.

XXIII. After the Board of Directors have ratified the Balance Sheet and Profit & Loss Account referred to in para XIX, the Auditors of the Corporation shall draw statements of accounts of the reconstituted or new Financial Corporations of Punjab, Haryana, Himachal Pradesh and Delhi as on the 1st of April, 1967.

XXIV. With effect from the 1st of April, 1967, all the respective assets and liabilities, inclusive of mortgages, belonging to the Punjab Financial Corporation which are transferred by virtue of this Scheme to the reconstituted or new Corporations shall stand statutorily transferred to and be vested in the respective Corporations without the necessity of executing any deeds of transfer or assignments.

XXV. A certificate signed by the Managing Director or the Secretary of the existing Punjab Financial Corporation that any particular item of assets or liabilities stand transferred to the reconstituted or new Corporations under this scheme shall be conclusive evidence of such transfer or retention.

XXVI. All contracts, agreements and other instruments of whatever nature subsisting or having effect immediately before the 1st of April, 1967, to which the Punjab Financial Corporation was a party or which are in favour of the said Corporation, shall be enforced or acted upon as fully and effectually by any one of the reconstituted or new Corporations having jurisdiction over the subject matter thereof, as defined in Clause I of this Scheme, as if the same had been entered into by or in favour of that Corporation With effect from the 1st April, 1967 no pending suit, appeal or other proceedings by the Punjab Financial Corporation shall abate or be discontinued or be, in any way, prejudicially affected by reason of this scheme, but all such suits, appeals or legal proceedings may be continued, prosecuted or enforced by such of the reconstituted or new Corporations to which the assets and liabilities relating to such suits, appeals or legal proceedings have been transferred, and such Corporation shall be entitled to have its name substituted in place of Punjab Financial Corporation in any suit, appeal or legal proceedings.

XXVII. During the first three years of the coming into force of the above Scheme sub-section (5) of Section 7 of the State Financial Corporations Act, 1951 (63 of 1951) shall be deemed to be amended so as to provide that the total amount of outstanding bonds and debentures, borrowings and of contingent liabilities mentioned therein of any of the four Corporations shall not exceed fifteen times the amount of paid-up share capital and reserves of such Corporation.

They would also be entitled to borrow from the Industrial Development Bank of India for purposes of refinance under Section 7(4) of the State Financial Corporations Act, 1951 (63 of 1951) amounts equivalent to five times of their paid-up capital and reserves.

XXVIII Any matter not covered by any of the provisions of this scheme framed by the Board of Directors of the Corporation shall be decided by the residuary Punjab Financial Corporation who shall take a decision in consultation with the Boards of Directors of the Haryana, Himachal Pradesh and the Delhi Financial Corporations

[No F. 3(46)-Corp./66.]

S. S SHIRALKAR,
Additional Secy.

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